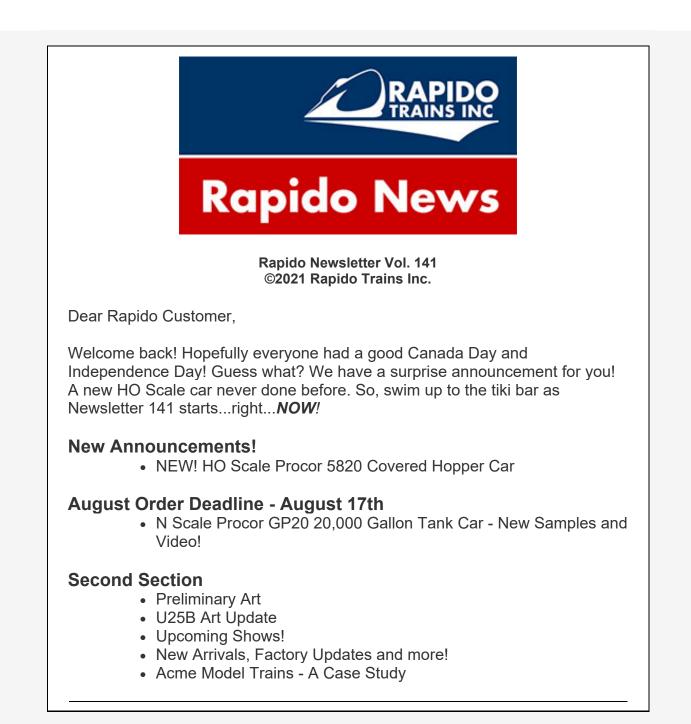
#### news\_in@modellismoferroviario.it

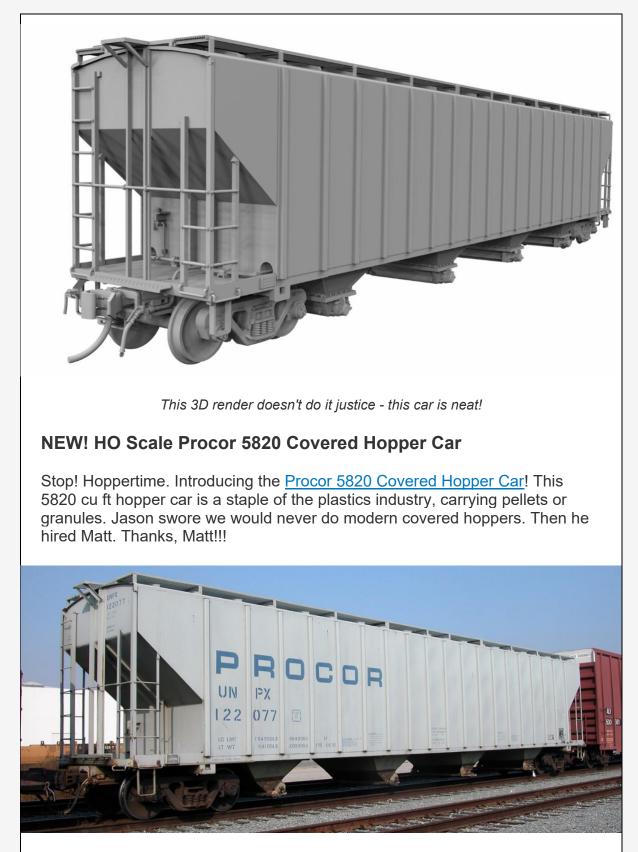
 Da:
 Rapido Trains Inc. <rapido1@rapidotrains.ccsend.com> per conto di Rapido Trains Inc. <rapido3</td>

 @rapidotrains.com>
 Inviato:

 venerdì 16 luglio 2021 16:31
 news\_in@modellismoferroviario.it

 Oggetto:
 Rapido News 141 - Project Update and All-New Hopper!





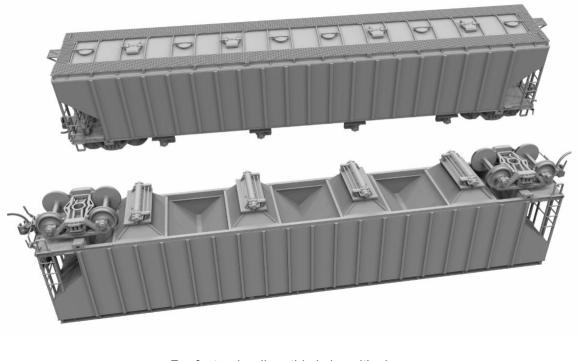
Still wearing blue, this photo was taken in the 2010s. Photo courtesy of Dave Casdorph.

You might be asking yourself, aren't these the same as the Pullman-Standard hopper? The answer to that would be no, they have some differences in appearance. Starting in the late 1970s, Procor would design and build nearly 1500 of these venerable cars with production lasting into the early 90s. These were built at their Oakville facility in Ontario, Canada. Along the way there

were some differences within the outlet gates, rooftop hatches and trucks. Our <u>Procor 5820 Covered Hopper</u> captures each of these differences. Check out the renders below!



Thunderstruck by the <u>5820 Covered Hopper Car</u> yet? Note all of the typical attention to detail and piping that's standard for all of our freight cars. The 3D renders don't do this car justice! But let's see some more of it!



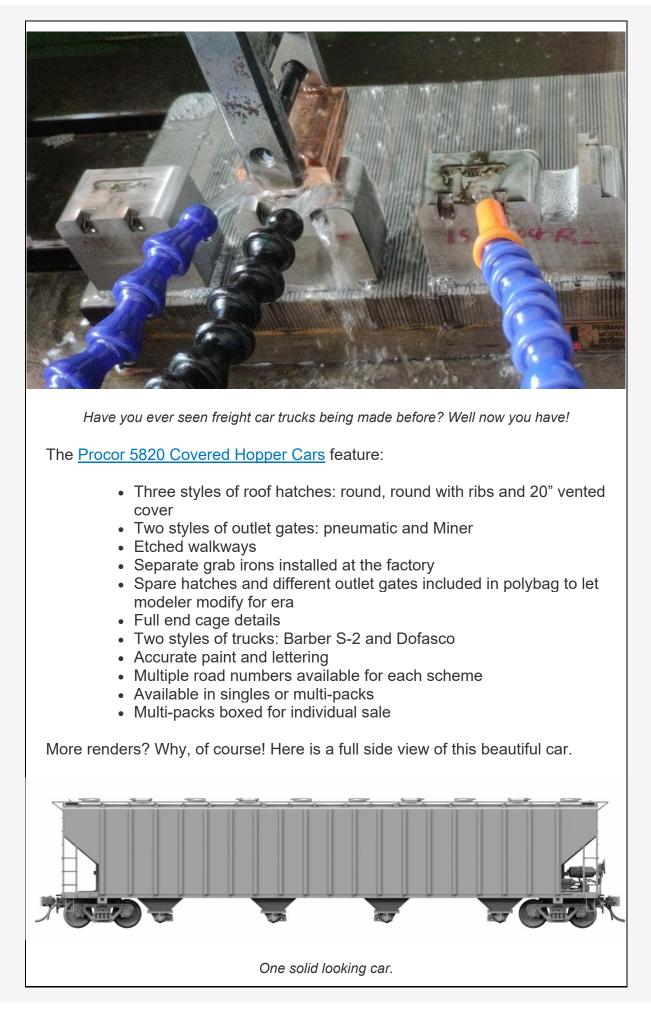
For fast unloading, this is how it's done...

But wait! These cars are in tooling and almost ready! Check out these photos!



Here we're using EDM (electrical discharge machining) to erode the sides.





Who likes a good collage of every scheme being offered on the first run? The next image shows all nine <u>5820 Covered Hopper Car</u> schemes, plus the undecorated kit.



Note the unlettered gray car, now you can model any leasing service you want!

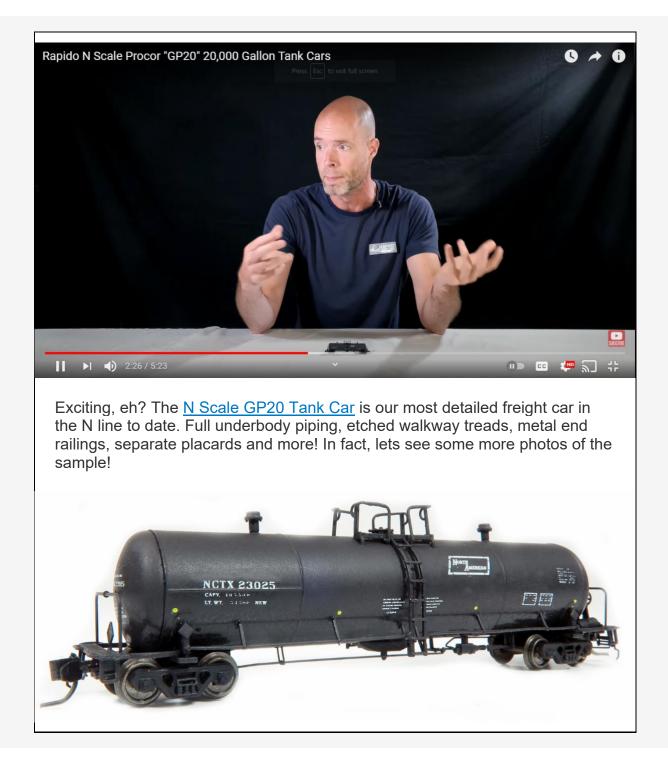
The catalog. Maybe the most important element of any new announcement. Click the photo below to scroll through the road and item numbers being offered on this run.



Now before you bolt out of your chair to order the <u>HO Scale Procor 5820</u> <u>Covered Hopper Car</u>, we should remind you that the order deadline will be announced once we have a physical sample to show off. Until then, keep



Remember when we showed you a 3D render of the <u>N Scale GP20 Tank Car</u> in the April Newsletter? We now have a hand-painted sample that really shows off all of the details, plus a new video! <u>Click here</u> or the photo above or below to watch. Also, save this date: August 16th, 2021. That's the preorder deadline.





Remember, this is N Scale! The detail level on the <u>GP20 Tank Car</u> is outstanding! In fact, here's a photo of the sample before it was painted. This should highlight any other details hidden by the paint.



It's the all-schemes collage! The photo below shows off all 12 schemes being offered on the first run of the <u>N Scale GP20 Tank Car</u>.





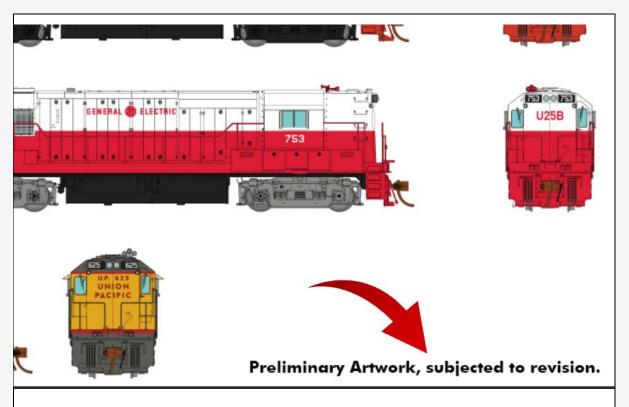
The <u>N Scale GP20 Tank Car</u> order deadline is just over a month away, on August 16th. So, mark your calendar for this can't-miss addition to your N scale freight car fleet!

(Did I mention they operated in very long trains? You need a very lot of them.)



## Second Section - July 2021

For July's Second Section, we have some news regarding new arrivals, tooling updates and some minor changes to existing products. Plus we wanted to discuss preliminary artwork compared with the final product. Let's dig in.



Ever notice this disclaimer before?

## **Preliminary Artwork**

What does "Preliminary Artwork" actually mean? Any time you see this phrase attached to artwork we provide, the sole purpose is that the artwork is not final and can be changed. This could mean anything from horn location on the art to color swatches or logos and contours of the colors.

Something else to consider is when you see the color on our artwork, these are just color swatches picked for digital representation. These have very little effect on the actual color code we use for the physical model.

If you see mistakes in our preliminary artwork, please get in touch. But there is no need to have a cow and announce to the universe that "Rapido's models will have incorrect lettering!!!!! Oh my gosh!!!!" As always, we would much prefer to hear from you while the artworks are still "preliminary" so we can get them right.

We are particularly appreciative of members of the <u>Great Northern Railway</u> <u>Historical Society</u> for all their help with our U25B project, and that other GN project we can't yet talk about.



Maybe the two nicest schemes.

For Erie Lackawanna, the scheme we will be doing is the Gray/Yellow/Maroon, with the yellow lettering inside the maroon band. It was previously announced as "Early".

Great Northern's original art was missing the sill dashes. These have now been added, as seen above. These artworks are still not 100% finalized, but they are certainly closer!



Calling all rail grinder enthusiasts! Your power has arrived.

# HO Scale FM H16-44 Locomotive Road Number and Art Update

The <u>H16-44 Locomotive</u> was relaunched last month and since then we've decided to make a few changes to the road numbers, specifically the Canadian versions. CP 8709 (in the maroon/grey "block" scheme) will now be 8710. CN 2213 (in the 1960s "Noodle" scheme) will now be 2214. And finally CP Rail 8717 (in the Action Red scheme) is being changed to 8716 because of something very cool. While CP tended to keep their F-Ms in the Kootenay region of BC, there were two that ventured across the entire system: 8715 and 8716. These were equipped with slow-speed control for use on the Speno rail grinding train in the 70s and end up travelling all over the CP system. So with the updated number, now you can model both units!





2021 Model Train Show, Glastonbury Style!

## **Upcoming Shows!**

In the next few weeks, we will be featured on two virtual shows as well as the <u>Spring Creek "Biennial Train Show - Open House</u>

### Virtual Shows:

July 22 @ 6PM - Trainworld Discussion on the U25B with Jordan and Craig

July 27 @ 6PM - Trainworld Amtrak Roundtable discussion with Jordan

### **In-Person Shows**

Come visit Matt at:

July 24/25 - Spring Creek "Biennial Train Show - Open House in Deshler, NE

July 30/31 - St. Louis RPM in Collinsville, IL

Come out or join us on-line for these exciting events!



# Factory, New Tooling and Shipping Updates

What's happening at Rapido? Possibly the most intriguing section of the newsletter is the Factory/Tooling Updates as well as what's soon to ship from the warehouse. The next item to arrive is the second batch of <u>HO Scale</u> <u>SW1200 Locomotives</u>. These left the factory in MAY. Now they are idling off the coast of British Columbia. The saga continues...



That P5 horn on the RI sounds supreme.

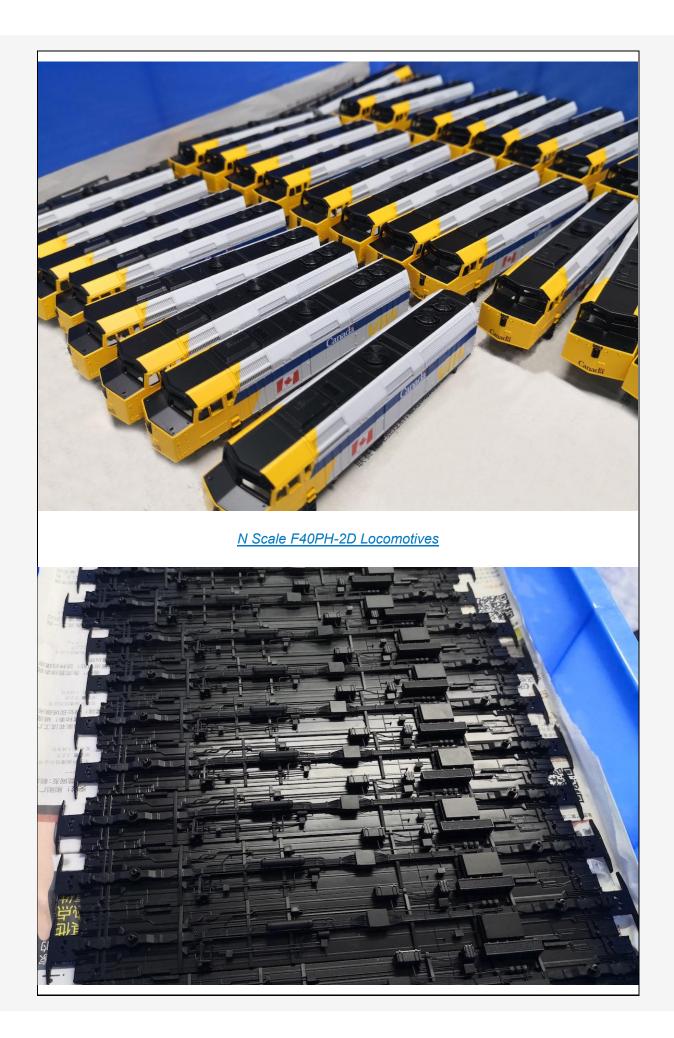
If all goes well, we should be looking at the <u>HO Scale SW1200 Locos</u> in the warehouse in the next month or so, but really it's anyone's guess. We're considering sending Janet to British Columbia to yell at the logistics people. Exciting times! I personally can't wait to get the undecs I ordered.



- HO scale F40PH Phase 2
- HO scale B36-7 all except Kodachrome
- HO scale Well Cars
- N scale Comets
- N scale Horizons
- HO scale X31a Boxcars
- HO scale GP20 Tank Cars

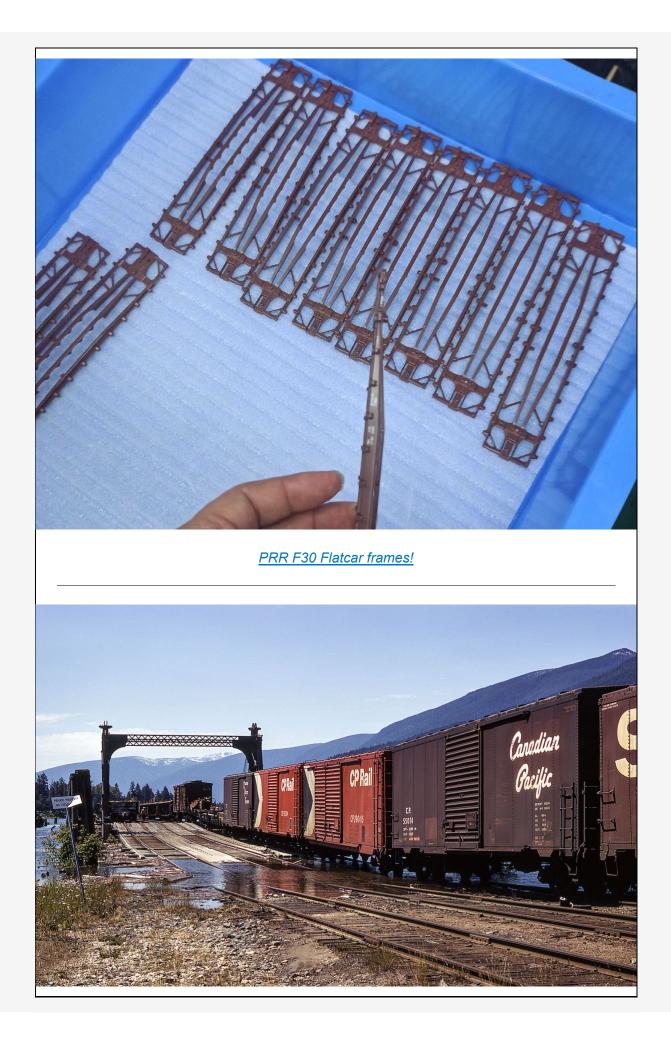
Yes, all that is enroute. Normally when shipments only take 4-5 weeks, we would only have two or three projects enroute. Because shipments are taking up to two months and longer, all of these products have left our factories but have not yet arrived at our warehouse. We are hoping and praying they do not arrive at one time, as our warehouse is - literally - not big enough. Realistically, they will most likely arrive, staggered, between mid-August and late September.

Have a look at all the stuff in production right now:









These days it feels like this is how our models are arriving from overseas. Prototype photo courtesy Greg McDonnell.

### Acme Model Trains - A Case Study By Rapido Big Cheese Jason Shron

As I mentioned last month, everyone in our industry has been suffering from production and shipping delays due to COVID. The crazy thing is we did not have so many delays at the height of the pandemic, but now the knock-on effects of COVID are being felt even though the wide distribution of vaccines both in China and North America means that case counts are down.

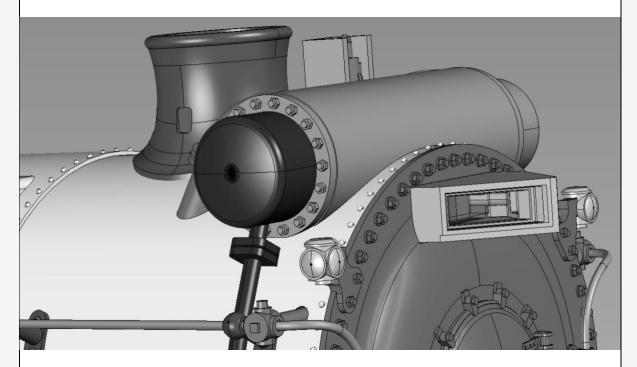
I have a monthly column in <u>Railroad Model Craftsman</u> magazine, in which I cover topics both about model railroading and about model railroad manufacturing. In the July RMC my column gave an introduction to the cash flow issues that are a constant companion to us model train manufacturers, and given the delivery delays we've been facing, the team thought it a good idea to share the whole column here. Please <u>click here</u> to subscribe to RMC. Otto Vondrak is doing a smashing job as editor, and I eagerly await my issue every month.



#### <u>Click here</u> to subscribe to RMC!

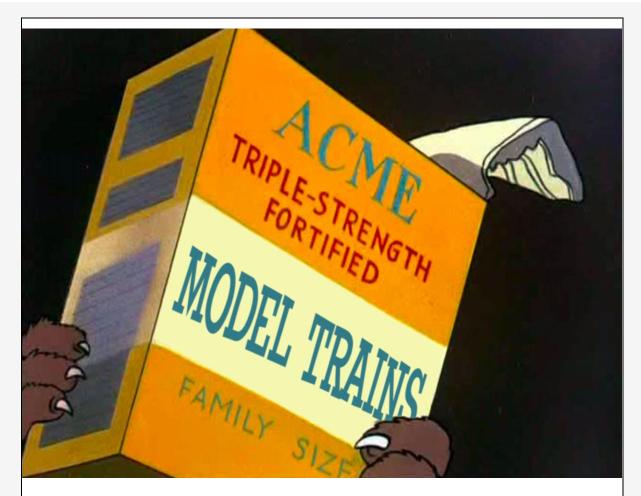
Speak to any model railroad manufacturer about their biggest headache, and you will almost always hear the same response: cash flow. Cash flow is, simply, how much cash a company has on hand to pay its bills. Sometimes a company can show a profit but still shut down due to cash flow problems. This is a bigger risk in the model railroad industry than in many other industries because our capital costs are so high and the product development time is so long.

For model trains, those capital costs are the tooling: the steel or aluminum molds used for injecting the plastic and diecast parts for our models. A new HO scale freight car can cost as much as \$50,000 to tool, while a new diesel locomotive can easily cost two or three times that. Steam locomotives can cost even more. It depends on how complex the model is and what level of detail the manufacturer wants. Those tooling costs are just for the physical molds. They don't include the hundreds or even thousands of hours of research, development and design.



Models require hundreds of hours of research.

A typical freight car project takes about a year from the start of research to the delivery of the models. A diesel or steam locomotive can take as long as two years, and some take longer. It often depends on the information the manufacturer has. If we have to go measure a car and draw it from scratch, it will add several months to the development time. If we discover that we were missing some key information and our customers point out a problem after we've tooled the model, that could add six months or more of tooling revisions. During the time that the models are being developed, overhead expenses still need to be paid. Salaries, marketing costs, travel, rent, utilities and taxes all need to be paid regularly. We can't wait and pay our employees only when a model comes in!



Model trains... family size!!!

To illustrated this, I'm going to make up a model train company, Acme Trains. Acme Trains has \$500,000 in the bank and \$2 million of confirmed preorders for upcoming products. The cost of those products including tooling is only \$1.2 million, so on paper the company is doing very well. It looks like Acme will have a 40% gross profit and \$500,000 in the bank! Great!

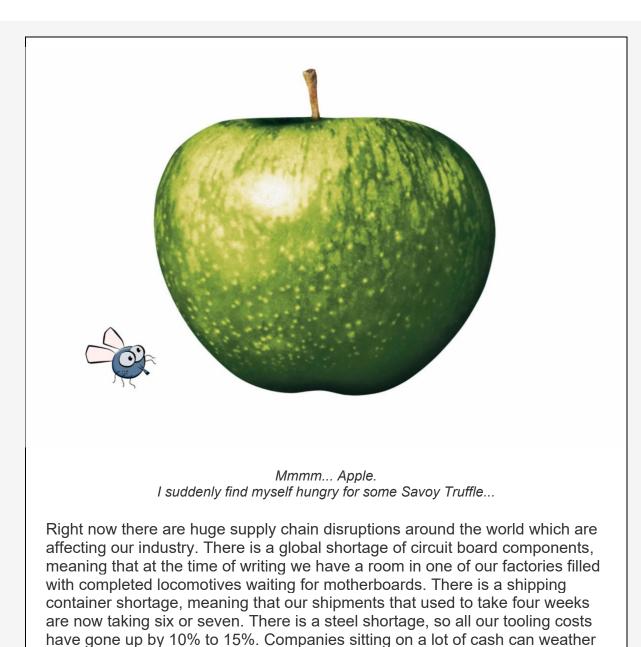
However, every month it costs Acme \$50,000 in overhead to keep the lights on and pay for salaries, advertising, etc. The tooling costs for the new models is \$300,000 in three payments spread over six months. Acme needs to pay the overseas supplier 50% to start production (\$450,000) after tooling has finished and 50% when models leave the factory. Production will take five months and shipping is another month.

Acme will be out of money at the end of month five and \$600,000 in the hole by the end of month six. By the time Acme delivers the trains in month 12, the company will be in debt \$1.5 million. Sales of the trains will leave Acme with \$500,000 in the bank – back where it started!



It ain't cheap, this stuff.... (Quoting Jason's wife during our Zoom call to edit this newsletter: "Why is all this old money sitting on my coffee table???")

I have grossly simplified this. Real model train companies have a variety of models in production at one time and start with simpler products like freight cars before moving up to very expensive locomotives. But it illustrates why people in the industry like to joke that the way you make a small fortune in model railroading is to start with a large one. If you compare the capital costs of model railroad manufacturing to something like software development, you are talking apples and raisins. No – raisins are too big. Apples and fruit flies.



storms like these. But in our industry, we tend not to sit on cash.



Our popular Autoflood III coal hoppers in tooling!

The model train industry will weather through this as we have weathered through harder challenges in the past. I foresee some price increases in the future, and hopefully this column has helped to explain why. There is a misconception that model railroading is some kind of cash cow and that model railroad manufacturers are counting their profits from their private yachts in the Mediterranean. We're just a bunch of regular people trying to make a living doing what we love. And the Mediterranean is so overrated, anyway...

Thanks, Jason!

That's a lot of math involved there. Because I felt like I was back in school, I actually skipped most of that essay, so I will give a friendly nod that the essay sounded great!

(Ed: You may be American, but you are such a hosehead.)

Hey! I'm an honourary Canadian! I like the letter U!

Until next time,

Bobby

Bobby Allard

Marketing Officer and Grand Poobah of Newsletters Rapido Trains Inc.

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